MODES OF PAYMENT FOR COMMODITY EXPORTS

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Pursuant to Monetary Board Resolution No. 1109 dated December 28, 1989, the following rules shall henceforth govern the modes of payment for commodity exports:

1. For purposes of this Circular, the following definitions shall apply:

- Acceptable Foreign Currency Notes — legal tender notes pertaining to any foreign currency acceptable as payment for exports under existing Central Bank rules.

- Bank Draft — a bill of exchange issued and drawn by a bank abroad upon another bank, in favor of an exporter, payable on demand or at some future date. The draft shall be sent either by Telegraphic Transfer or Mail Transfer to the Authorized Agent Bank (AAB) concerned in the Philippines.

- Documents Against Acceptance (D/A) — a mode of payment whereby the shipping documents are released to the buyer by the foreign bank concerned thru the exporter's bank upon the buyer's written acceptance of the exporter's bill of exchange, obligating the buyer to pay for the export shipment at some future date

- Documents Against Payment (D/A) — a mode of payment whereby the shipping documents are released to the buyer by the foreign bank concerned thru the exporter's bank only upon receipt of the buyer's payment for the shipment thru the former bank.

- Open Account (O/A) — a mode of payment whereby the shipping documents are sent and released by the exporter directly to the buyer, without coursing the documents thru the banks, upon the buyer's promise to pay at some future date after shipment.

- Shipping Documents — the original and all other copies of the Bill of Lading/Air Waybill, commercial invoice and other documents evidencing shipment of the goods exported and needed by the buyer to take possession of the shipment at destination.

2. Authorized Modes of Payment — commodity exports may be paid in foreign currencies acceptable under existing Central Bank rules, by any of the following modes:

- Irrevocable Letter of Credit (L/C);

- D/P;

- D/A;

- Bank Draft received by the AAB prior to shipment (prepaid);

- Check issued by a foreign government or its agencies, if prepaid;

- Check of a buyer, other than a foreign government or its agencies, drawn on a bank abroad, but only if the check is cleared prior to shipment; and

- Travellers Checks or acceptable foreign currency notes, for export shipment of not more than US$3,000, if

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prepaid.

3. Export shipments payable in accordance with the foregoing authorized modes may be given due course by the AAB concerned without need for Central Bank approval prior to shipment.

4. The foregoing authorized modes of payments shall apply to exports of all commodities to all destinations including Japan, Taiwan, Hongkong, Indonesia and Guam. However, for watchlisted firms, the Central Bank, thru the Export Department, may require a specific mode of payment.

5. Exports payable under O/A shall require Central Bank approval prior to shipment.

6. Exporters shall disclose to the AAB the receipt of foreign exchange intended as prepayment of exports.

7. For prepaid exports and exports under O/A, the exporter shall submit to the AAB concerned copies of the shipping documents within seven (7) banking days from shipment date, for record/reporting purposes.

8. Export proceeds are ineligible for deposit in any foreign currency account of an exporter or a Philippine resident with an AAB and funds withdrawn from said account shall not be accepted as payment for exports.

9. This Circular amends the provisions of Central Bank Circular No. 491 dated December 16, 1975, Central Bank Export Department Memorandum to Authorized Agent Banks No. 30 dated February 11, 1958, Central Bank Export Regulations dated December 16, 1949 and other Central Bank rules inconsistent with this Circular.

This Circular shall take effect immediately.

Adopted: 09 Jan. 1990

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Senior Deputy Governor

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